

MINUTES

MONTANA SENATE 59th LEGISLATURE - REGULAR SESSION

COMMITTEE ON FINANCE AND CLAIMS

Call to Order: By **CHAIRMAN MIKE COONEY**, on March 3, 2005 at 9:00 A.M., in Room 317 Capitol.

ROLL CALL

Members Present:

Sen. Mike Cooney, Chairman (D)
Sen. Keith Bales (R)
Sen. Gregory D. Barkus (R)
Sen. John Brueggeman (R)
Sen. John Cobb (R)
Sen. John Esp (R)
Sen. Steven Gallus (D)
Sen. Ken (Kim) Hansen (D)
Sen. Bob Hawks (D)
Sen. Bob Keenan (R)
Sen. Rick Laible (R)
Sen. Lane L. Larson (D)
Sen. Greg Lind (D)
Sen. Don Ryan (D)
Sen. Trudi Schmidt (D)
Sen. Corey Stapleton (R)
Sen. Jon Tester (D)
Sen. Dan Weinberg (D)
Sen. Carol Williams (D)

Members Excused: None.

Members Absent: None.

Staff Present: Prudence Gildroy, Committee Secretary
Taryn Purdy, Legislative Branch

Please Note. These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing & Date Posted: SB 324, 2/22/2005; SB 273,
2/22/2005

Executive Action:

HEARING ON SB 324**Opening Statement by Sponsor:**

SEN. JON TESTER (D), SD 15, Big Sandy, opened the hearing on **SB 324**, Prescription drug assistance and discount programs. The bill was heard in Public Health previously and was referred from Second Reading in the Senate. He contended Montanans deserve affordable, accessible health care and this bill would help make it a reality. SB 324 takes about \$8.75 million from I-149 monies and puts it into a prescription drug benefit program. The bill provides for a state pharmacy access program, contributes to the cost of the premium and the cost of the deductible for the Part D Medicare prescription drug benefit, and creates a discount card program for the uninsured using prescription drug rebates to help buy down prescription drugs. An educational component, based on a Wyoming model, allows for physicians, pharmacists, and patients to analyze the drugs they are using and save money. He addressed the issue of sustainability. There is \$17 million in a sustainability account in the Governor budget that will help sustain this program into the future, and the interest on the I-146 monies can be used to sustain this program.

Proponents' Testimony:

REP. DON ROBERTS testified a small vial of Lipitor costs about \$120 a month. This bill will assist senior citizens and the disabled to acquire medicines at a more affordable rate. The federal government will spend \$409 billion over the next ten-year period on pharmacy benefits for Medicare. Congress added low income assistance for up to 135% of the federal poverty level (\$12,568 or less gross income for a single person). This program helps people with incomes up to \$18,620 a year. These people would still have a deductible, co-payments, and other cost sharing to pay, but at least they will have access to the federal program. This is a new way to match federal funds. Currently, elderly Montanans with incomes up to \$45,000 get a tax credit of \$1200 to help them with expenses as renters or homeowners. He maintained we can help Medicare beneficiaries with annual incomes up to \$18,620.

Anna Whiting, Family Policy Advisor to Governor Schweitzer, rose in support of SB 324. Governor Schweitzer has stated his firm commitment to health care for Montanans, the uninsured, and the under-insured. He has also committed to live up to the intent of the voters of Montana when they expressed their wishes in I-149. This bill is part of his plan to insure the citizens of Montana.

Claudia Clifford, AARP, provided handouts to the committee, and stated the retail price of prescription drugs is growing beyond the ability of a lot of citizens to pay.

EXHIBIT(fcs47a01)

The bill will provide access to folks who do not have coverage for prescription drugs. Other parts of the bill will help anyone who has benefits in any age category. The access for Medicaid Part D is for those between 135% and 200% of the federal poverty level including seniors and the disabled. For some, it is still a costly program; there are premiums, deductibles, and co-pays, etc. Most of the money in the bill pays the premium for these folks to get onto Part D. The government will pay for 75% of the cost of their drugs up to a certain limit. She read from written testimony.

EXHIBIT(fcs47a02)

Ms. Clifford said there were concerns brought up on the Senate floor about CMS approval of this bill. She made it clear there is no need for any CMS approval for this bill to go forward. This does not require a waiver. If the Department wants to go after additional supplemental rebates, they can do a state plan amendment. That would provide extra money for that rebate account. Absent them doing that, the bill does not involve CMS for Medicaid. AARP has been very active in I-149, and she expressed gratitude for the opportunity to present this proposal as a way to meet the intent in that initiative for a prescription drug program. The Alliance for a Healthy Montana had an initiative six years ago to create a tobacco settlement trust. The interest from that trust is a growing source of funding and a source of funding for sustainability of a program like this.

Jim Smith, Montana Pharmacy Association, advised the Association was involved with the Alliance for a Healthy Montana and supported the initiative attributed to it. They were glad to see it pass and started working with AARP and other interested parties on November 3, the day after it passed; this bill is the result. He referred to Section 3 of the fiscal note having to do with the Prescription Assistance Program. There is money to be saved and people's health to be improved by a face to face discussion between the patient, the physician, and the pharmacist. He recalled, in former years, pharmacists could afford to go to senior centers for consultations. He asked for favorable consideration of the bill.

Chuck Hunter, DPHHS, advised the Health Resources Division would be responsible for putting this program in place and administering it, and they stand in support of the bill.

Peter Wolfgren, Pharmacy Owner/Operator, testified he owns and operates four pharmacies in Montana. He and his colleagues feel this will provide affordable health care to Montanans, get people on much-needed medication, out of the emergency rooms, and out of harm's way.

Erin McGowan Fincham, State Auditor's Office, spoke in strong support of the bill on behalf of **State Auditor John Morrison**. Prescription drugs are one of the top cost drivers of health care and are becoming increasingly difficult for Montana senior citizens to afford. Additionally, the funding source for the program had strong support from the voters in November.

Jim Ahern, Alliance for a Healthy Montana, advised they are the group that helped get I-149 passed. Part of that initiative is to set up a prescription drug program. They worked long and hard with AARP and spent hours working the Human Services subcommittee.

Eric Schiedenmayer, Montana Catholic Conference, rose in support of the bill. They think this is an excellent place to invest some of those funds from the tobacco tax.

Neil Haight, Helena, testified that for a number of years he had health insurance that covered prescription drugs with a substantial co-pay. When that got to be too much of a burden, he said he was fortunate to be able to get on a veteran's program where the co-pay is less. He contended that, with the passage of the bill, there is still a significant amount of co-pay and that can be a burden of those with low income.

Beda Lovitt, Montana Medical Association, rose in support. Doctors are well aware that prescriptions are a cost driver in health care and constantly search for a prescription they can order that will keep the cost down for patients.

Bonnie Adee, Mental Health Ombudsman, testified she represents the interests of those in need of public mental health services. For some with serious mental illness and low income, who therefore are also qualified for Medicare, this bill will offer some relief and assistance. She urged support for the bill.

Opponents' Testimony: None.

Informational Testimony: None.

Questions from Committee Members and Responses:

SEN. JOHN COBB referred to the sustainability of I-146 money and expressed concern I-149 money might not all come in. According to the budget office, it will go broke in 2011. He asked **Ms. Clifford** if that is the point when they will take I-146 money and use that to sustain it. **Ms. Clifford** advised that, more than six years ago, there was a constitutional initiative creating a trust fund for forty percent of the tobacco settlement dollars. Two years later, I-146 captured the sixty percent that was not being put into trust to spend on a variety of programs. AARP has suggested they focus on the interest from the growing trust. The Constitution directed that the interest be used for health care programs; the promotion and expansion of health care programs was the original intent. She said the interest in the trust will grow significantly. They are asking the Legislature to consider the interest on that trust as a source of sustainability. **SEN. COBB** asked about the \$17 million referred to in **SEN. TESTER'S** opening. **SEN. TESTER** clarified there was \$17 million set aside in the sustainability account.

Closing by Sponsor:

SEN. TESTER closed on the bill.

HEARING ON SB 273

{Tape: 1; Side: B approximately 1.0}

Opening Statement by Sponsor:

SEN. COREY STAPLETON (R), SD 27, Billings, opened the hearing on **SB 273**, Establish MSU-Billings school of rural medicine. The bill allows for outside funds to be collected and matched by the state in a one to three ratio, and for a thirteen member planning council to gather and evaluate data, look at existing programs, make analysis of that, and make recommendations to the 2007 Legislature. Since the bill was heard on the floor of the Senate, amendments were drafted that he supports. He spoke to the WWAMI issue, and said his intent was not to put existing programs on the defensive but to recognize all programs in state government need to have alternatives; \$3 million is being sent every year to another state. Since 1972, 42% of the students Montana has paid for return to the state, according to WWAMI. He cited economic development, higher education components, and delivery of medical services as issues. Should the bill proceed, the cost of the feasibility study in the interim is \$250,000. Instead of making a decision in one legislative session, the bill

connects two legislative sessions with an interim to make the decision. The bill speaks of the appropriation but doesn't actually appropriate it. SB 273 requests adequate resources, at a minimum of \$50,000. He will seek the rest of the funding from other sources. The amendment that includes WWAMI gives opponents an interest. Some of the most successful medical schools in recent history had a mentor relationship with a nearby medical school. The next legislature has an exit strategy if they need it. In the next decade, a rural medical school could bring over \$100 million of non-state funds into the state's economy. With the multiplier effect, that money finds its way back to the state general fund through a variety of sources. Business groups, economic developers, higher education, physicians, and the medical community support the bill.

Proponents' Testimony:

Evan Barrett, Governor's Office of Economic Development, rose in support of the bill. The Governor finds this to be an interesting and intriguing idea that ought to be pursued to find out if it is a viable concept or not, according to **Mr. Barrett**. If it is viable, it has economic repercussions that go beyond the education of the doctors. This includes the additional medical research, the strengthening of the medical community, as well as the ability to train rural doctors. The funding in the bill has been reduced, and there is no money currently in the Governor's budget. This will require a partnership with others to get the needed funds. The concept needs to be explored because it will benefit Montana in a number of ways.

Dr. Dick Wolter, Deaconess Billings Clinic, spoke in favor of the appropriation for this study. He emphasized this is about the long view and what might benefit Montana over ten or twenty years. There are a number of excellent medical schools in rural areas around the country that serve primary care and rural health needs in an innovative way. Examples were the University of North Dakota and the University of Minnesota Duluth. He mentioned that in the 1970s when the Mayo Clinic began it's medical school, there were many who thought it was not needed and would not rise to the level of excellence of other universities. He did not think this concept was competition for WWAMI. A number of Montanans are not currently able to enter the WWAMI program because of the number of slots. He thought students choose one program over another for a variety of reasons, and an innovative medical school in Montana addressing rural health needs and some other new trends in medicine might exist nicely with WWAMI. He added that grant dollars for research would be a benefit, health care and biotech businesses would more likely be interested in Montana with the presence of a medical school, and

the ability to attract health care educators, researchers, and physicians with unique backgrounds would be enhanced by a medical school. The study will allow addressing questions in a thoughtful way.

Dan Carter, Montana State University Billings, read from written testimony.

EXHIBIT(fcs47a03)

He handed out the written testimony of **Roxanne Fahrenwald, Montana Family Medicine Residency**.

EXHIBIT(fcs47a04)

Carl Hanson, MSU-Billings, stood in support of the bill. He read from written testimony.

EXHIBIT(fcs47a05)

Tasneem Khaleel, MSU-Billings, supported the bill and read from written testimony.

EXHIBIT(fcs47a06)

Connie Summers, ASMSU-Billings, spoke in favor of the study committee. There are health care industry shortages in the state, and little is being done to address how to get more students in these programs. Not every Montanan who wants to go to medical school has the opportunity to do so for a variety of reasons. There is already a residency program in place in Billings, and that is important to SB 273. At present, 42% of Montana students in the WWAMI program come back to Montana to practice. She said there was previous testimony that students tend to stay where they do their residency. If that is the case, the 42% figure might go up if the students did all their schooling and their residency in Montana. There are no sure answers to that question without a study. She quoted from an article in *USA Today* regarding the shortage of doctors.

Todd Hansen, Montana Family Residency Program, testified in favor of the bill, reading from written testimony.

EXHIBIT(fcs47a07)

{Tape: 2; Side: A}

Catherine Gemmiti, Master of Clinical Medicine, Physician Assistant Program, urged support for the bill. She read from written testimony.

EXHIBIT(fcs47a08)

Beta Lovitt, Montana Medical Association and Association of Montana Physicians, commended **SEN. STAPLETON** for his forward thinking. The Association supports the idea of evaluating whether Montana can support a medical school. She noted **SEN. STAPLETON** had been responsive to concerns they raised and helped answer a lot of questions. The bill was amended in a previous committee to add a representative of WWAMI to the Council. She noted **SEN. STAPLETON** agreed to add language evaluating current programs. The physicians think the true basis of whether the establishment of a medical school is feasible is whether there are increased opportunities for Montanans to obtain a medical education and whether the potential is there for more doctors to provide service in Montana, especially in rural areas.

Sheila Stearns, Commissioner of Higher Education, spoke in support of the bill. She recounted being in the emergency room with a sprained ankle, and all the doctor wanted to talk about was this bill. She expressed appreciation to **SEN. STAPLETON** for consulting with them. She thought the bill was fueling a healthy discussion of how to serve the medical needs of rural communities. The idea of a medical school in Montana has been coming up for years, and critics respond it would be too costly for the return on investment. She acknowledged the costs can look daunting. They don't know how a Montana medical school would be structured and what new approach to rural medicine it might bring. They don't know how much it would cost, the source of the funding, or how it might alleviate rural shortages. She favored a study to answer those questions. She expressed concern that if an adequate study is to be done, that adequate resources be allocated to do so. She concluded it is important to not lose sight of the WWAMI program, which provides the opportunity to train physicians for Montana and has provided the state not only with good physicians but a good network of researchers and medical educators as well. The bill as amended in the Public Health, Welfare, and Safety Committee ensures a WWAMI representative on the advisory planning council. She hoped the planning council, if funded adequately, will work hard to incorporate the WWAMI program into any recommendations that they make.

Pat Galvas, Physician, Great Falls, testified he also has an educational background and currently teaches in medical education. He submitted that recruitment is a problem for

physicians in Montana. He wrote to out-of-state medical schools asking if there were students interested in rotating through hospitals in Montana. He thought by exposing medical students to this area after their residencies, they would be prone to come back to Montana. Last year, a doctor from Duke University expressed interest in the idea. Because Benefis did not have a recognized residency program, there was a problem in getting the students. He made the same pitch at a medical convention and there was interest from the dean at the Des Moines school; they were considering approaching the WWAMI states and offering them the same deal that the University of Washington has. He then learned about SB 273 and shared some ideas with **SEN. STAPLETON**. He stated medicine is a business, and a niche is necessary. There has been a paradigm shift in medicine in the last ten years. In 1992, Congress mandated the establishment of the Office of Alternative Medicine at the National Institute of Health, with a budget of \$2 million. It was driven by a study in 1990 that showed that 34% of Americans use alternative therapies for their medical care. It was obvious traditional medicine had to investigate this. In 1998, the name was changed to the Department of Alternative and Complimentary Medicine, the budget was \$50 million, and these therapies are being integrated. He predicted in five years acupuncture would be mainstream medicine. Native Americans use alternative therapies, and he thought that needs to be investigated. He favored dedicated slots in the medical school for Native Americans. He addressed gender and racial medicine, electro-medicine, and bio-film as areas for research.

Mike Foster, Sisters of Charity Hospitals, testified the idea deserves much focus and attention in order to find answers to questions raised by proponents and whether a medical school in Montana makes sense. The proposal can benefit the whole state of Montana.

Eric Schiedenmayer, Montana Catholic Conference, rose in strong support of this study. The Catholic Church has extensive experience in health care, a broad presence in rural communities in Montana, and understands the impact this could have. He felt the heart of the bill was to provide medical services to Montana's under-served populations. He maintained the cost of the study would be supported by Montana voters.

Jim Ahrens, Montana Hospital Association, advised health care is the largest industry in the state. It is well over \$3.2 billion, about half of the \$7 billion state budget. Hospitals alone provide almost 20,000 jobs. The Association has worked to provide access in Montana. He favored the study to determine the

future of health care in the state and urged passage of the bill.

Erin McGowan Fincham, State Auditors Office, advised **Commissioner Morrison** has consistently advocated for increased access to affordable health care and believes the concept in the bill will help get there.

Opponents' Testimony:

Bill Gallea, Physician, testified he works in the emergency department at St. Peter's Hospital and recently treated a young woman with a sprained ankle. He stated he had been a physician for thirty years and was in primary care in northern Minnesota for the first fifteen years. He was one of three physicians in a single clinic in a county of 4000 people. There was a sixteen bed hospital and a 42 bed nursing home. He was a clinical associate professor at the University of Minnesota at Duluth and taught medical students at that school. He was a preceptor at the Duluth Family Practice Residency Program. He also worked in Libby in primary care and then made a transition to work in emergency medicine at St. Peters. He stated his son is a medical student in the WWAMI program. He said that was not a conflict of interest because his son's education would not be affected. It takes about \$41,000 a year to educate a Montana student in the WWAMI program; all the other schools take more.

{Tape: 2; Side: B}

He questioned spending money on re-inventing the wheel when there is a great system already. He questioned whether training more doctors is the answer to getting more rural physicians. He submitted that the issue that limits doctors from going to rural areas is they are working long hours in isolation with lower pay. It made sense to him to address that issue and what can be done to create incentives for young physicians to go to rural areas.

Jay Erickson, WWAMI Clinical Coordinator for Montana, stated he has a family medicine practice in Whitefish, Montana and has taught for the last fifteen years in the WWAMI program in Whitefish. He is currently director of that program. He opposed the bill because he didn't think it clearly defines the problem. Many of the proponents talked about the problems of rural health care, and, in the legislation as written, the scope of the feasibility study is too narrow. It addresses the implementation of a medical school in Billings. He did not think it was a wise use of money. He favored clearly defining the challenges and seeking solutions for rural and under-served health care in Montana, and he looked forward to working with the state of Montana in solving these problems. He presented an op-ed piece

by **Dr. John Allaire**, one of the physicians that helped implement the WWAMI program over thirty years ago.

EXHIBIT(fcs47a09)

Informational Testimony:

Linda Hyman, Vice-Provost Health Sciences, MSU-Bozeman, advised one of her responsibilities is the directorship of the first-year WWAMI medical education program.

Questions from Committee Members and Responses:

SEN. DAN WEINBERG asked **Commissioner Stearns** if the majority of teachers trained in Montana go out of state. **Ms. Stearns** indicated the percentage varies, but she thought it was over 50%.

SEN. WEINBERG asked why these teachers leave the state. **Ms. Stearns** advised, unless place bound, they will go where they can get the most economical and geographical advantage. There are signing bonuses and competitive salaries out of state. **SEN. WEINBERG** submitted that Montana is geographically the nicest place in the country to live. Montana doesn't pay enough to keep teachers here. He wondered if newly-trained doctors could be paid enough to stay in Montana or, if the medical school goes through, if it will be training medical doctors for all the states around Montana. **Ms. Stearns** advised that was the type of question the commission would study to see if it would be economic feasible to educate additional professionals and if they would stay in Montana at the rate that would make the investment worthwhile.

SEN. KEN HANSEN expressed concern about the amendment to lower the funding to \$50,000. He asked **SEN. STAPLETON** if a sufficient study can be done and asked if it was dropped down to make the bill more palatable. **SEN. STAPLETON** advised the cost of the study needs to be \$250,000. He said his intention was to ask for it in the House since the Senate does not appropriate. He explained at the time the fiscal note was signed, that **Sen. Conrad Burn's** staff expressed support for the idea. There is a timing issue, and federal money will not be available until January or February. This is a long-term financial issue, and he thought the money can be found for the study. At a minimum the obligation to the state would be to fund a half FTE, the per diem, and the meeting for the council members. He said foundations, hospitals, and the federal government were likely outside sources for funding. If the bill is passed, a new fiscal note will be requested to show a minimum of \$25,000 a year and additional private purpose expenditures of \$100,000 a year for a total of \$250,000 for the biennium.

SEN. GREG LIND referred to page 2, line 25, and asked where the state matching funds would come from. **SEN. STAPLETON** indicated that referred to the interest of other states such as Wyoming and Idaho. All monies would revert if the next Legislature decides not to move forward. **SEN. LIND** said the default position of the bill is to create a medical school, and he wondered if **SEN. STAPLETON** was willing to commit to raise taxes to pay for a medical school should the study come to fruition. **SEN. STAPLETON** indicated, no. **SEN. LIND** asked how he proposed to pay for a medical school given the difficulty of supporting higher education and other segments of state government. **SEN. STAPLETON** said the start-up cost is an issue, and they would look for federal help. In the next ten or fifteen years, there will be a shortage of physicians that is not being met. He said it could be shown that state involvement in a medical school is minor. A state that controls its own interest can rake in hundreds of millions of dollars. It may cost more than WWAMI, but that is comparing oranges to apples.

SEN. BOB HAWKS asked **SEN. STAPLETON** to respond to the earlier comment that the study is too narrow and centers on a medical school rather than on a broader study of rural medicine needs. **SEN. STAPLETON** referred to the amendment that said the council would compare and contrast the cost, quality, and effectiveness with existing policies and state supported programs. He could not think of many things that would not be under the purview of the council. **SEN. HAWKS** asked **SEN. STAPLETON** if he knew anything about the reported closure of the North Dakota School of Medicine. **SEN. STAPLETON** said he had not heard anything.

SEN. HAWKS asked **Ms. Hyman** how residencies with the WWAMI program might be expanded in Billings as an intermediate step. **Ms. Hyman** advised data suggests 70% of practicing physicians end up within seventy miles of where they did their residency, if not where they went to medical school. Expansion of graduate medical education is an excellent opportunity for the state of Montana and one that the University of Washington, as well as other academic medical centers in the region, might be interested in. **SEN. HAWKS** wondered if the amendment and the inclusion of WWAMI in the membership changed her perspective on the study. **Ms. Hyman** thought it is a good idea to look at medical education in the state. There are still some concerns about the cost of the study; however, if a broad view is taken of the questions asked and possible solutions they are comfortable with it.

SEN. CAROL WILLIAMS expressed appreciation to **SEN. STAPLETON** for bringing the issue to their attention. She thought there were a lot of things they should be doing with resources in Montana, but have been limited in terms of increasing revenue. She expressed

concern about relying on the federal government and cited looming federal cuts. **SEN. STAPLETON** responded he didn't know what a council would come up with. Part of the reason he had not talked much about federal dollars is he did not want to embarrass Montana's congressional delegation or put them in a position where they supported something that was doomed. He said he would bear the burden of a bad idea if this is so. Only as this moves forward does it gain momentum and ideas as it is challenged. He discussed accreditation systems with the American Medical Association. He said he sat on this committee for three sessions and showed restraint in terms of spending and tax policy. He was prepared to make a case of why this should be a priority for funding. This does not require raising taxes, but may require spending within the state's means. If this comes back two years from now and does not meet muster, it will go away. Information gained from the study can be used. **SEN. WILLIAMS** advised this is good idea to think about. She again expressed concern about re-prioritizing and taking money away from TANF, the University System, and K-12 education. She said if she couldn't support this, she hoped **SEN. STAPLETON** would understand it was not because it was not a good idea, but that the resources were not there to do it. **SEN. STAPLETON** replied he hoped the planning council would show attracting new dollars from out-of-state that create high-paying, clean jobs, could make the difference.

SEN. TRUDY SCHMIDT asked **Dr. Erickson** about the North Dakota medical school. **Dr. Erickson** reported 39% of the cost of the medical school was paid for by the state in 2002. That amounted to about \$14.7 million a year. The WWAMI return rate is 44%, and, if all WWAMI students that settle in Montana because of medical education experience are counted, it is 59%. The national average is 41%. North Dakota and South Dakota are in the 30% range of return rates. If this goes forward and there is a planning council, that data will be available. He contended through affiliation with the number one primary care medical school in the country, Montana is getting great value for the dollar. **SEN. SCHMIDT** asked if the cost for WWAMI students is \$14,000 and the cost for North Dakota and South Dakota is \$18,000. **Dr. Erickson** stated that would be tuition costs that the student would bear. **SEN. SCHMIDT** recalled most of the proponents talked about increasing or enhancing opportunities for medical education in the state of Montana. She wondered if he was interested in that type of approach. **Mr. Erickson** commented the proposal for a feasibility study was fairly narrow. It would look at creating a rural medical school in a specific site in the state of Montana to address the problem. He favored looking at rural and under-served areas. There is a multitude of potential problems, so they have to find certain, specific problems and look at the wide array of solutions available. This could

include a stand-alone medical school in Billings two or three steps down the road. His feeling was there are significant problems in terms of rural and under-served care in Montana, and he thought those problems need to be clearly defined and cost effective solutions found. That could include expanding graduate medical education or the role of WWAMI in the state.

SEN. SCHMIDT told **SEN. STAPLETON** the title of the bill is quite narrow. Proponents were talking about increasing enhanced opportunities for medical education in the state of Montana. She referred to an email they had all received about the real issues in health care in Montana and the shortage of physicians. She didn't think they could amend the bill because the title is so narrow. **SEN. STAPLETON** said from the outset, he was open if there were alternative bills, amendments, or ideas that could be accomplished in the bill. As stewards of the taxpayer's money, he said they wouldn't contemplate such a massive change in the number one business sector without long-term plans. In order to do that, the legislature has to spend an incredible amount of man hours bringing people out of their communities to testify. That can't be replicated in the interim because of all the secondary issues, turf wars, etc., and the planning council would be hopelessly drifting. They wouldn't be able to settle on what to look at. Proponents indicated there was not one but several related long-term problems that the policy makers of the state have an obligation and an opportunity to address. He said they have to give the planning council direction with a realistic expectation that they will report back to the next legislature, see if there is interest from other states, and see if this is realistic.

SEN. JOHN ESP asked if some Montana students that don't get accepted by WWAMI go to either South Dakota or North Dakota medical schools. **Dr. Erickson** indicated they had 117 students apply that were Montana residents last year, and 62 were accepted. Twenty-two of those went to WWAMI and 42 Montana residents went elsewhere as freshman medical students. He thought North Dakota takes a student or two but he did not have exact data. They don't have a good handle on where those students go and what they do later on. He didn't know about South Dakota. **SEN. ESP** asked about the mix at either North Dakota or South Dakota as far as in-state and out-of-state students. **Dr. Erickson** indicated he did not have personal knowledge, but guessed, that like most publicly funded medical schools, there is a high percentage of in-state students. **SEN. ESP** asked if that mix would need to be reflected in retention in the state numbers if they were to compare apples to apples. Theoretically, in the WWAMI program, they are all Montana students. Possibly, in North Dakota and South Dakota, there

could be a 70/30 mix of in-state students to out-of-state students. He thought that would skew the statistics of how many students were retained. **Dr. Erickson** said he had no idea what their in-state/out-of-state mix is. He thought **SEN. ESP'S** assumption would be possible.

SEN. ESP said he had a question for the doctor from Helena and hoped he might consider spending the time to work on the study; he seemed to have the background that would bring a different viewpoint to the process. **SEN. ESP** submitted opponents had asked several times about the problem **SEN. STAPLETON** was trying to solve. He thought it could be looked at either as solving a problem or as looking for opportunities to improve the state's economy and all the things they like about Montana. He asked **SEN. STAPLETON** if he saw the study as only solving specific problems or for opportunities that may exist. **SEN. STAPLETON** said as an optimistic person his natural inclination was to see opportunities. A bill like this is not brought forward to just talk about opportunities; the problems and issues have to be addressed. They focus on those because they are real. The single hardest thing to do in the Montana Legislature is to contemplate long-range planning. The fiscal note contemplates the next two years. With an interim study, the fiscal note would have a fifteen or twenty-year component. He thought a great case could be made financially. A first-year WWAMI student could be put on the council. Everyone is welcome, and he thought they could find common ground.

SEN. ESP asked **Mr. Hansen** if doctors tend to stay where they have their residency and not necessarily where they go to medical school. He asked if there was an opportunity to expand the residency program to rural communities. **Mr. Hansen** replied, yes. When medical graduates are in a residency, that is the time they establish a family and a commitment to a community or a state. Residents are required to rotate to rural communities throughout Montana. Most use those opportunities to check out a rural community that they think they may like to practice in. Most graduates with rural experience stay in rural Montana. Most residents that have a tie to Montana end up staying in Montana. With more Montana born and Montana residency-trained physicians in Montana, many more of them would stay in rural communities.

SEN. STEVE GALLUS asked if the bill came to this committee via positive or adverse action on the Senate floor. **SEN. STAPLETON** replied it was taken from third reading. **SEN. GALLUS** asked, if they amend the bill, if it goes back to second reading. **SEN. STAPLETON** advised the bill needs to be amended. He wanted to put the bill in the best form. **SEN. GALLUS** expressed concern about the composition of the commission with one member from the

University of Montana and one from Montana State Billings. He favored one member of the University System being appointed by the board and one member from the University System being appointed by the Governor. **SEN. STAPLETON** said he would support that.

SEN. WEINBERG asked **Dr. Erickson** if he was aware of any financial problems in either the North Dakota or South Dakota programs.

Dr. Erickson indicated he was not aware of any financial problems. The North Dakota school has been in existence for four years, had goals much like those being talked about, and struggled with recruiting and retaining faculty. The physicians group with the medical school of South Dakota went bankrupt because of the relationship between the teaching physicians and the clinical physicians in the community of Sioux Falls. **SEN. WEINBERG** asked if that situation is relevant to what is being considered. **Dr. Erickson** referred to the op-ed piece by **Dr. Alaire** (Exhibit 9). What is being talked about now is something that was discussed thirty and forty years ago when there were no medical school opportunities for Montana students. Small states in the Northwest banded together to develop the WWAMI program. It is a program that is innovative, and medical schools around the country look to it for innovation and the ability to produce quality physicians. He thought the North Dakota and South Dakota situations are similar in size and population to Montana; they went with a stand alone model. WWAMI compares favorably with costs and retention rates. Re-inventing the wheel is a possibility, but he disagreed with the idea that it will bring in hundreds of millions of dollars. MSU-Bozeman, because of it's WWAMI connections and WWAMI funded grants, gets \$20 million this year. North Dakota had \$4 million in research grants this year, and South Dakota had \$1.6 million. Small medical schools have a tough time attracting research grants, according to **Dr. Erickson**.

SEN. WEINBERG asked **SEN. STAPLETON** if part of the proposal was for economic development for Billings, and if that is part of what he is trying to accomplish. **SEN. STAPLETON** advised, not specifically. One of the by-products for the state is economic development. **SEN. WEINBERG** asked, if the bill leaves the committee unfunded, if the Billings community could fund this study and move forward with the proposal. **SEN. STAPLETON** said dropping a fiscal note to zero certainly attracts less attention. He thought the role of state government is to bring people together in a way that individual hospitals, individual economic development entities, and higher education groups cannot. There is a statewide need and a future obligation. There is a \$7 billion budget with \$2.6 billion in state funds. He noted some of his previous bills benefitted the state, and he didn't think asking for \$250,000 is unreasonable. Billings is the state's

largest city, and, with the medical corridor and infrastructure, it has the best opportunity for success. He believed this is a statewide investment with statewide benefits.

SEN. SCHMIDT referred to the hearing in Senate Public Health when **Dr. Erickson** stated that WWAMI students would not be eligible for WWAMI if a medical school is begun in Montana. **Dr. Erickson** advised there were five initial principles with the implementation of WWAMI thirty years ago. The number one principle was to create a medical school opportunity for the students of states without a medical school present. Those states included Montana, Alaska, and Idaho; Washington had a medical school. That was the precept of starting the WWAMI program. He could not comment in terms of where WWAMI will go if Montana starts a medical school. The WWAMI School of Medicine was formed to create that opportunity for Montana residents because of lack of opportunity. **SEN. SCHMIDT** commented that, at the last hearing, a question was asked about the true intent of this bill. The person testified that it was a solution before a clearly-defined problem, and that the problem of getting rural physicians needs to be looked at, not building a medical school. She asked **Dr. Erickson** if he agreed. **Dr. Erickson** confirmed that was his statement. Legislation could address that problem specifically. The real problems are rural and under-served health care. A way needs to found to address the problem of physician distribution. The proposed legislation proposing a feasibility study looks at a solution that is two or three steps down the road.

SEN. RICK LAIBLE asked **Dr. Erickson**, if the bill passes, how it will affect WWAMI. **Dr. Erickson** said, if the bill passes, it will create a feasibility study. He didn't have a problem serving on that commission or presenting the WWAMI data. He thought WWAMI stands on its merits. When the dust settles and people look at the costs in terms of what is spent for medical education, it will be clear the money will be best spent in terms of WWAMI seats. **SEN. LAIBLE** countered, with the amendment that has been offered, it appears that is what this bill does; it allows an open comparison of what is currently available through WWAMI and what could be. He expressed surprise that **Dr. Erickson**, as a Montana physician, is opposed to this when all the bill does, as amended, is contrast the costs, quality, and effectiveness of Montana schools. This is not the first time there has been a study.

{Tape: 3; Side: B}

There was a study about whether Montana could do an on-line school, and some things were learned. He didn't think this was

any different. He asked what WWAMI is afraid of. **Dr. Erickson** didn't think WWAMI is afraid of anything. He said they have data on their graduates, and WWAMI has a great record. He said if they were trying to address the distribution of physicians for rural and under-served areas, that problem and potential solutions should be looked at. This legislation doesn't address that. He stressed, as a rural physician, and a physician that sat on advisory committees and boards that look at this issue, he thinks that this is a growing and looming problem. He didn't think spending money to look at a state medical school is the best way to address that problem. He favored looking at the wide variety of potential solutions, rather than a narrow focus. **SEN. LAIBLE** asked if **Dr. Erickson** is confident that if this bill goes forward, that WWAMI will come out as the most feasible way to continue teaching physicians for Montana. If WWAMI has no fear, then, when the costs are matched, WWAMI will be the best program. This study would just confirm what **Dr. Erickson** has been testifying to. **Dr. Erickson** advised he would like the \$250,000 to create six more seats for WWAMI. If they want to spend the money to do the study, he reiterated he is happy to be part of it. He thought there were better ways to spend the money.

SEN. LIND stated he had his own views on why rural Montana is under-served by physicians. He thought it relates to state support of the growing population of people in Medicaid and CHIPS that does not meet the overhead of the office combined with medical liability insurance going through the roof. He didn't see how a shortage of medical students is limiting finding physicians for rural Montana. **Dr. Erickson** said the gap between revenue and expenses is closing and getting worse. It is difficult to have a financially viable practice in rural communities. Doctors go where they are paid a salary and don't have to work long hours and be on call every other night. The problems are deep and wide and are being looked at on a national basis to solve tort reform and increase reimbursement. The Medicare reimbursement rate is scheduled to go down about 25% in the next seven years for physicians.

Closing by Sponsor:

SEN. STAPLETON said the narrow opposition in both hearings has been people with a relationship with the WWAMI program. He appreciated the debate and was open to the amendment.

ADJOURNMENT

Adjournment: 11:39 A.M.

SEN. MIKE COONEY, Chairman

PRUDENCE GILDROY, Secretary

MC/pg

Additional Exhibits:

EXHIBIT ([fcs47aad0.PDF](#))